



## **ASX RELEASE**

**1 September 2009**

### **ADVANCED OFF-TAKE AND DEBT NEGOTIATIONS FOR SILVER HILL PROJECT**

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- **Indicative bank debt term sheet received for up to \$80m to support development of Silver Hill project**
- **Expression of Interest received for off-take of 30,000tpa high grade gold, silver and copper concentrate from Silver Hill**
- **Strong interest in both project development and off-take supports the Company's view of significant Silver Hill value proposition**
- **Concurrent progress on Definitive Feasibility Study supports low cost production potential from November 2010**

Conquest Mining Limited (ASX: CQT) is pleased to advise that the Company has received an Indicative Term Sheet and detailed debt financing proposal from a senior bank to fund construction of a mine at its 100% owned Silver Hill gold, silver and copper project in northern Queensland.

The Company has also received a detailed proposal from a major Chinese smelter for off-take of 30,000tpa of high grade gold, silver and copper concentrate from Silver Hill.

Conquest Managing Director, John Terpu said the strong interest in the project from prospective financiers and off-take partner supported Conquest's view of Silver Hill as one of Australia's highest value, lowest cost new gold projects.

"In terms of project funding, we are currently in the process of selecting lead arrangers and negotiating a debt facility of up to \$80 million on terms and pricing that are very attractive to us," he said.

"Combined with existing cash reserves and possible additional equity, finalising the debt and off-take proposals will be key to meeting the total development cost"

The Silver Hill Pre-Feasibility Study (PFS) completed in April this year indicated capital payback within two years, a Net Present Value of more than \$300 million and an internal rate of return of 70%.

"The strong results from the PFS give us every confidence that we can secure a low cost financing outcome that will enable us to meet our expedited production schedule of November 2010," Mr Terpu said.

The bank has now completed preliminary due diligence on the project and negotiations are continuing.

“This process is being supported by the front end design and engineering work now underway as part of the project Definitive Feasibility Study (DFS),” Mr Terpu said.

“That study is on track for completion by November this year and we anticipate the finalisation of funding arrangements shortly afterwards.”

Mr Terpu said the expedited DFS had also placed Conquest in a strong position to engage with potential off-take partners.

“We have received a detailed Expression of Interest for off-take of Silver Hill product from a Chinese smelter with whom we have a long standing association,” he said.

“Following completion of detailed product sampling and due diligence by the smelter, we are now in advanced negotiations on the final terms of an off-take agreement.”

The non-binding Expression of Interest proposes annual off-take of 30,000tpa of high quality gold, silver and copper concentrate.

With strong interest from the Chinese smelter and a number of other parties, Conquest believes there is a robust market for its quality product and looks forward to concluding negotiations with potential off-take partners in a timely manner.

“With the progression of advanced funding and off-take agreements, as well as the continuation of the expedited DFS, all the elements of the Silver Hill project are coming together,” Mr Terpu said.

“In addition, recently released drill results from the area immediately surrounding the established resource<sup>1</sup> suggest significant upside to what is already shaping up as one of Australia’s lowest cost, high value gold projects.

“We look forward to providing further updates as we continue to work our way through the development program for Silver Hill and onto production in 2010.”

## **About Conquest Mining**

Conquest Mining is a Perth-based mining exploration company focused on discovering low cost gold and silver resources. Exploration at Mt Carlton has delivered resources at a cost of \$10 per ounce of gold compared with an Australian average of \$60 to \$70 per ounce for grass-roots exploration.

John Terpu  
Managing Director

*This report is based on and accurately reflects information compiled by Mr Martin Male, BSc (Hons), MAIG who is a full time employee of the Company. Mr Male has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Martin Male consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

<sup>1</sup>Total Silver Hill Inferred, Indicated and Measured Resource of 1.17moz gold, 37.39moz silver and 68.4kt copper per resource estimate announced 26 March 2009.